

ISHAN DYES AND CHEMICALS LIMITED
ANNUAL REPORT 2010 - 2011

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ISHAN DYES AND CHEMICALS LIMITED
ANNUAL REPORT 2010 - 2011

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|-------------------------------|---|---|
| BOARD OF DIRECTORS | : | Anilaben P. Patel Chairperson |
| | | Piyush N. Patel Managing Director |
| | | Shrinal P. Patel Whole Time Director |
| | | Marut D. Patel Ronak Y. Patel Mayankkumar H. Patel Roopin A. Patel |
| STATUTORY AUDITORS | : | K. G. Patel & Co. Chartered Accountants Borsad. |
| COMPANY LAW CONSULTANT | : | D. G. Bhimani & Associates Company Secretaries, Anand. |
| BANKERS | : | Citi Bank. |
| REGISTERED OFFICE | : | 1 st Floor, Dinsha Chambers, Borsad - 388540. |
| WORKS | : | 18, GIDC Estate, Phase - I, Vatva, Ahmedabad - 388540. |

ISHAN DYES AND CHEMICALS LIMITED

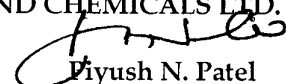
NOTICE is hereby given that 18th Annual General Meeting of ISHAN DYES AND CHEMICALS LIMITED will be held on 30th day of July, 2011 at 11.00 a.m. at the Registered Office 1st Floor, Dinsha Chambers, Borsad - 388540 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended together with the Reports of Auditors and Directors' Report thereon.
2. To appoint a Director in place Shri Ronak Y. Patel, Director, who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint a Director in place Shri Marut D. Patel, Director, who retires by rotation and being eligible, has offered himself for reappointment.
4. To appoint auditors and fix their remuneration.

BY ORDER OF THE BOARD
For ISHAN DYES AND CHEMICALS LTD.

Place: Borsad
Date: 30th May, 2011


Vijush N. Patel
Managing Director

NOTES:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE, MUST BE LOGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
 - (B) Members / proxies should bring Attendance Slips duly filled in for attending the meeting.
 - (C) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
 - (D) Register of members and share transfer books of the Company will remain closed from 23/7 /2011 to 30/07/2011 (both days inclusive).
 - (E) The relative explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 attached herewith and form part of this Notice.
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ISHAN DYES AND CHEMICALS LTD. DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their **18th Annual Report** together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2011

(1) FINANCIAL AND WORKING RESULTS:

| PARTICULARS | (Rs. In lacs) | |
|-------------------------------------|---------------|---------------|
| | 2010-2011 | 2009-2010 |
| Profit/(Loss) Before Depreciation : | 735.11 | 472.47 |
| Less : Depreciation | 187.64 | 174.11 |
| Profit/(Loss) Before Tax : | 547.48 | 298.36 |
| Less : Provision for Tax | 0.00 | 0.00 |
| Prior Period Adjustment | 45.23 | 62.24 |
| Profit/(Loss) After Tax | 502.25 | 236.12 |

(2) PERFORMANCE

During the year under review, total income of the Company increased from Rs. 40.83 crores to Rs. 61.24 crores and profit increased from Rs. 2.36 crores to Rs. 5.02 crores. The Company expects even better growth in terms of turn over and profits during the next year.

Your Company had obtained term loan from C.N.S. Bank Ltd. Government of Gujarat has announced a scheme for One Time Settlement for all borrowers of Co-operatives banks under liquidation. Your Company is eligible to settle the outstanding amount of term loan due to C.N.S. Bank Ltd. Your Company has applied for one time settlement under the scheme and the same is under process with the Bank.

(3) DIVIDEND

In view of the fund requirement of the Company for working capital, your Directors do not recommend any dividend for the year under review.

(4) DEPOSITS

The Company has not accepted any public deposits except loans from friends, Directors and their relatives.

(5) DIRECTORS

Shri Mahendra A. Shah, resigned as Director of the Company on 20.01.2011. Shri Marut D. Patel and Shri Ronak Y Desai, Directors of the company, retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

(6) CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION ANALYSIS STATEMENT:

A Report on Corporate Governance is attached to this Report as also a Management Discussion Analysis Statement

(7) PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

(8) DIRECTORS RESPONSIBILITY STATEMENT:

- (i) Your Directors have followed the applicable accounting standards along with proper explanation relating to material departure while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

(9) AUDITORS:

K. G. Patel & Co. Chartered Accountants, Borsad was appointed as auditor at the last annual general meeting of the Company. As discussed with the Managing Director of the Company, they are not willing to act as auditors of the Company from ensuing annual General Meeting. The Company has received a letter from A. R. Pandhi & Associates, Chartered Accountants, giving their consent to act as auditors of the company, if appointed. Your directors recommend you to appoint A. R. Pandhi & Associates, Chartered Accountant as the auditors of the Company until the conclusion of the next annual general meeting.

(10) PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration of Rs.24,00,000 or more per annum or Rs.2,00,000 per month for any part of the year and hence no particulars have been furnished as required under section 217(2A) of the Companies Act, 1956.

(11) ACKNOWLEDGEMENTS:

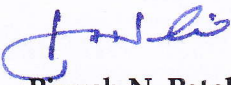
Your Directors thank the Company's customers, vendors, investors, business associates and bankers for their continued support. Your Directors also take this opportunity to

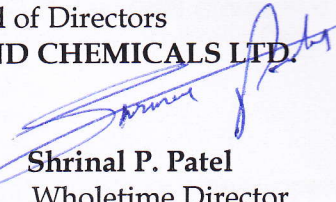
record their appreciation for the contributions made by all the employees of the Company to the operations of the Company during the year.

Place: Borsad

Date:

On Behalf of the Board of Directors
For ISHAN DYES AND CHEMICALS LTD.


Piyush N. Patel
Managing Director


Shrinal P. Patel
Wholetime Director

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2011

[A] CONSERVATION OF ENERGY :

Measure for energy conservation is taken up as a part of ongoing programme

Total Energy consumption per unit of Production;

1] POWER & FUEL CONSUMPTION

ELECTRICITY

| | 2010-11 | 2009-10 |
|---------------------------------------|------------|------------|
| (a) Purchased Units KWH | 4,763,060 | 5,220,180 |
| Total Amount | 25,070,528 | 28,017,627 |
| Rate / Unit (Rs) | 5.26 | 5.37 |
| b) Own Generation | | |
| (i) Through Stream Turbine/ Generator | NIL | NIL |
| Unit per Ltr of Diesel Oil | NIL | NIL |
| Cost/Unit (Rs.) | NIL | NIL |
| ii) Through Steam Turbine/Generator | NIL | NIL |
| Unit per Ltr of Furnace Oil Gas | NIL | NIL |
| Cost/Unit (Rs.) | NIL | NIL |

2 COAL

| | | |
|------------------|------------|------------|
| Qty. In. Kgs | 3,538,610 | 4,833,855 |
| Total Amount | 18,607,510 | 16,725,018 |
| Rate/ Tone (Rs.) | 5.26 | 3.46 |

3 L.D.O./ Furnace Oil

| | | |
|-----------------|-----|-----|
| Qty. In. Ltr. | NIL | NIL |
| Total Amount | NIL | NIL |
| Rate/ Ltr (Rs.) | NIL | NIL |

Consumption per kgs of production of CPC net of Captive Consumption

4 plus Alpha Blue & Beta Blue

| | | | |
|------------------------------|---------|------|-----|
| Electricity (In Unit) | 2285115 | 2 | 3 |
| Furnace Oil/ L.D.O. (IN LTR) | NIL | NIL | NIL |
| Coal (In Kgs) | 1.55 | 2.91 | |

[B] Technical absorption ,Adoption and Innovation :

| | | |
|--|-----|-----|
| 1 Effort in brief made towards technology by standards for technology absorption, adoption, innovation and motivation | NIL | NIL |
| 2 Benefit derived as a result | NIL | NIL |
| 3 In case of imported technology imported during last 5 years reckoned from the beginning of the financial year). Following information may be furnished | NIL | NIL |
| a Technology Imported | | |
| b Year of import | | |
| c Has technology been fully absorbed | | |
| d If fully not absorbed areas where the same has been absorbed therefore | | |

[C] FOREIGN EXCHANGE

| | | |
|---|----------|----------|
| 1 Foreign Exchange Used for Import of Raw Materials | \$61,152 | \$14,170 |
| 2 Foreign Exchange Earned in INR in lacs | 435 | 147 |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company registered a healthy performance during 2010-2011. The Management took effective measures to improve on all parameters covering areas of production, quality, marketing, and finance to retain its position as a market leader in manufacture of quality pigment blue.

Your Company's current products include various kinds of pigments like CPC, Alpha Blue and Beta Blue for industrial purpose. These products are manufactured under processes that are sensitive to environmental issues.

B) OPPORTUNITIES, THREATS, RISK AND CONCERNS

The management of your company always tries to develop relation with the clients and try to find out the new opportunities in the industry through continuous research and development with the changed technology. These opportunities help the company to grow in the industry by creating demand through satisfied customers.

The threats for your Company would come from adverse fluctuation in the prices of various raw materials and finished products, tax and duties and global demand/supply situation. Availability of skilled manpower and contract work force may lead to adverse factor to the growth of the Company.

Your Company has identified the major thrust areas to concentrate on, which it believes to be critical for achievement of organizational goals. A well defined structure has been laid down to assess, monitor and mitigate risk associated with these areas.

C) OUTLOOKS FOR 2011-2012

The company has very good order on hand for execution in the year and the management expect better customer demand during the year.

D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have a strong integrated internal control system which is deemed to be adequate for our class of business.

E) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO THE OPERATIONAL PERFORMANCE

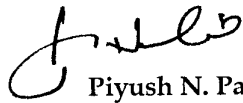
During the year under review, your Company achieved better financial performance in terms of sales and profit. This is because of increase in sales and reduction in the overall cost of the products.

F) MATERIAL DEVELOPMENTS ON HUMAN RESOURCES

Long term agreements have been concluded with all the concerned levels of employees. We have been having excellent co-operation and support from the entire hierarchy of personnel, resulting in a sharp improvement in productivity during the current year.

Place: Borsad
Date: 30th May, 2011

On Behalf of the Board of Directors
For ISHAN DYES AND CHEMICALS LTD.



Piyush N. Patel
Managing Director



Shrinal P. Patel
Wholetime Director

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

The Company has established good practice in Corporate Governance which is implemented by professional Board of Directors. The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosure and enhance shareholder value without compromising in any way in compliance with laws and regulations. Your Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders.

BOARD OF DIRECTORS

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorship and Committee Membership held by them in other Companies are given below:

| Name of Directors | Category of Directorship | No. of Meetings Attended | Attended at Last AGM | Other Companies | | |
|---------------------------------------|---------------------------|--------------------------|----------------------|--------------------|----------------------|-----------------------|
| | | | | Directors hip held | Members in Committee | Chairman in Committee |
| Anilaben P. Patel Chair Person | Non executive | 4 | Yes | 0 | 0 | 0 |
| Piyush N. Patel | Managing Director | 4 | Yes | 0 | 0 | 0 |
| Shrinal Patel | Whole time Director | 4 | Yes | 0 | 0 | 0 |
| Mahendra A. Shah (upto 20.01.2011) | Non executive Independent | 3 | No | 0 | 0 | 0 |
| Marut D. Patel | Non Executive Director | Nil | No | 0 | 0 | 0 |
| Ronak Y. Desai | Non executive Independent | 4 | Yes | 0 | 0 | 0 |
| Mayank H. Patel | Non executive Independent | 4 | No | 0 | 0 | 0 |
| Roopin A. Patel (From 20/09/2010) | Non executive Independent | 2 | N.A. | 0 | 0 | 0 |

Four meetings of the Board were held during the year and 29.05.2010, 29.07.2010, 27.10.2010 and 29.01.2011.